

Please file
M/047/002

From: Rick Wilcox
To: Blake, John; Soper, Dawn
Date: 9/2/04 4:02PM
Subject: Re: Geokinetics Well

Alameda will pretty much have the exclusive right to use the water since they will have the grazing permit and would be the only entity authorized to run livestock in the area. I'm sure wildlife will be using the water also. If we know of any other uses in the area, we could make sure Alameda includes them when they file the new application.

I thought about requiring Alameda to get a SULA or MGP but since we don't require any other grazing permittee in the State to get a lease, it seemed like we shouldn't in this case either. And in order to receive money we would have to issue a lease, and since we don't charge any other grazing permittees to use water, it would be difficult to do it here (and it really wouldn't be worth the paperwork).

Again, we don't require any other grazing permittee to post a bond for water wells, the question arises, why do it now? I realize we are giving up the Geokinetics bond so I guess we have a valid reason to acquire another. I guess the conventional wisdom is that since the water is used for livestock and wildlife and there is never not going to be that kind of use, why bother? Alameda has plans to drill several more wells in the Bookcliffs over the next couple of years. Are we going to require bonds for them as well? I can certainly see the need to bond mining companies for the possible costs of closing a water well, but once it has been changed to livestock use, the need to do that doesn't seem as pressing.

Keeping the area clean would certainly be an appropriate requirement in the MOA.

By the way, I received a letter from the USSD renouncing any claims to water right nos. 49-1545 and 1546. It is just a letter, not a legal document.

Do we need to discuss this further? If so, let me now where and when we can get together.

>>> Dawn Soper 09/01/04 02:52PM >>>

Rick-- If you have not sent the letter out yet, please hold. John has correctly identified a couple issues, particularly the one dealing with plugging the well (since we will be returning Geokinetic's bond). Let's talk about it-- I would like to know approximately how much money we are talking about if we are left with doing the work. Thanks.

>>> John Blake 08/27/04 10:52AM >>>

I have the following thoughts.

1. Will Alameda have an exclusive right to use the well?
2. Do we need to tie usage of the well to a grazing permit or a special use lease?
3. Are we going to charge any type of fee or make any money from use of the well?
4. Will Alameda be responsible for plugging the well when it is no longer needed or used?
5. How do we make Alameda keep the site tidy? (When I visited the site it was littered with discarded oil bottles.)

>>> Rick Wilcox 08/27/04 09:57AM >>>

Attached is a draft letter to Alameda outlining what will be required from us to allow the Geokinetics well to remain. Please review and comment. Thanks.

CC: Chamberlain, Scott; Christy, Kim; Higgins, Kurt